

THE REPORT ON THE
MONTANA
TOURISM INDUSTRY



JANUARY 2004
MONTANA PROMOTION DIVISION
DEPARTMENT OF COMMERCE



"THE GROWTH OF TOURISM IN MONTANA, ALONG WITH THE WELL-DESERVED RECOGNITION OF ITS ECONOMIC AND SOCIAL IMPORTANCE TO OUR STATE, HAS OCCURRED, IN LARGE PART, BECAUSE OF THE PARTNERSHIP BETWEEN THE PUBLIC AND THE PRIVATE SECTOR."

THE SUCCESS

MESSAGE FROM THE DIRECTOR

Montana is blessed in many ways: beautiful scenery, blue sky, abundant fish and wildlife, clean water, spacious land, and generous, hard-working people. These attributes draw people from around the world. Some move here so they can enjoy these special qualities daily. Many more make Montana their vacation destination of choice. As word of our glorious state spreads, Montana's tourism activity grows—as does the importance of the Montana tourism industry.

The growth of tourism in Montana, along with the well-deserved recognition of its economic and social importance to our state, has occurred, in large part, because of the partnership between the public and the private sector. Few industries in Montana have been able to forge such a strong public/private partnership as tourism.

One of the key partnership actions is the development of the "Montana Tourism and Recreation Strategic Plan 2003-2007." This plan resulted from the input and involvement of hundreds of people representing many different businesses, organizations and government agencies. These same hundreds are the stakeholders who are integrally involved in the implementation of the plan. Their success in following the course the plan charts will allow tourism to continue playing a positive role in Montana's development and improvement.

Partnerships between the public and private sectors are employed in just about all aspects of Montana's

tourism promotion and development efforts. Our marketing uses public and private resources in cooperative advertising, FAM tours, innovative website design and aggressive electronic, print and direct marketing. Our infrastructure development leverages funds and services from many sources to help create quality attractions and experiences for our visitors and residents.

The "fuel" that has helped make these partnerships so effective is the Montana accommodations tax. It has played a key role in bringing the state, our tourism regions, convention and visitor bureaus, and individual businesses together to create and participate in effective tourism promotion and development.

Working together in the future, as we have in the past, will allow Montana's tourism and recreation industry to continue growing and providing benefits for our state. Thank you for all of your individual and collective efforts to make Montana the best it can be.

Sincerely,



Mark Simonich
Director, Montana Department of Commerce

THE STATUS

MESSAGE FROM THE ADMINISTRATOR

It's my pleasure to present to you the *Report on the Montana Tourism Industry - January 2004*. This annual report provides a summary of the activities and accomplishments of our Travel Montana Program and the Montana Film Office, along with the marketing goals we've set for the coming year.

The success of Montana's tourism and recreation industry is no accident. It is based on a solid foundation of planning, funding and strategic partnerships. Our industry faced some difficult challenges this past year, but as the saying goes, "that which does not kill us makes us stronger." And, stronger we are.

Unprecedented cooperation among state and federal agencies, along with the public and private partnerships that emerged to overcome the challenges we faced, helped establish relationships that will be long-lasting. We're just beginning to see and understand the strength that comes from these associations. As your advocate for tourism, this is personally gratifying and exciting to see.

Our visitors are here to recreate and relax in our outstanding natural landscapes and to experience our authentic "western" culture. They are oblivious to borders and jurisdictions. The more seamless we can make the Montana Experience, the more successful we will be. We are working to develop

this seamless environment through advances in our electronic marketing. We plan to continue our strategic alliances with all of our tourism partners to strengthen our promotional efforts and to provide a coordinated message.

I never fail to be impressed by the hard work and dedication of the people in the tourism industry. I applaud you for your commitment. Your efforts are very important to Montana's economic well-being and the quality of life provided by this great state of ours. We at Travel Montana and the Montana Film Office strive to mirror your commitment.

I look forward to working with you in the year ahead. As always, I welcome and encourage your participation, comments and suggestions.

Sincerely,



Betsy Baumgart
Administrator, Montana Promotion Division

"UNPRECEDENTED COOPERATION
AMONG STATE AND FEDERAL
AGENCIES, ALONG WITH THE
PUBLIC AND PRIVATE PARTNERSHIPS
THAT EMERGED TO OVERCOME THE
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THE INVESTMENT

MONTANA'S TOURISM FUNDING

MONTANA'S SUCCESSFUL TOURISM INDUSTRY RELIES ON THE LODGING FACILITY USE TAX. THIS 4% TAX ON OVERNIGHT LODGING SUPPORTS MONTANA'S PROMOTION AND DEVELOPMENT EFFORTS, AND ALSO CONTRIBUTES FUNDS TO STATE PARKS, HISTORIC SITES AND OTHER IMPORTANT PROGRAMS. IN THE YEAR 2004, THE BED TAX WILL BRING IN ABOUT \$12.3 MILLION, YET IT WILL HELP GENERATE MORE THAN \$1.8 BILLION IN NONRESIDENT SPENDING.

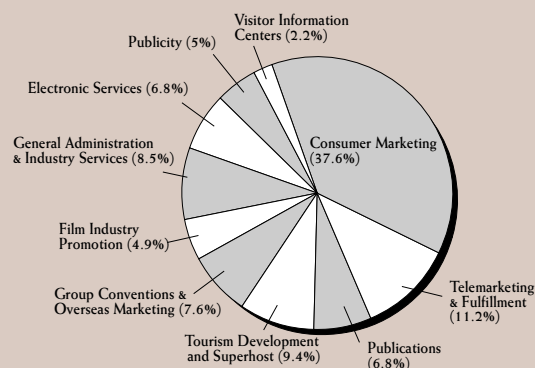
In 1987, Montana's legislature recognized the importance of tourism to Montana's future economy. During that session, the legislature created a 4% Lodging Facility Use Tax, commonly referred to today as the "bed tax." Lodging facilities (such as hotels, motels, bed & breakfast inns, guest ranches, resorts and campgrounds) collect this tax from guests. In turn, these funds are directed to the

Montana Historical Society, the university system, the Department of Fish, Wildlife & Parks, Montana's tourism regions and Convention and Visitors Bureaus (CVBs) and the Department of Commerce for travel and film promotion. Importantly, no additional money for tourism funding comes from Montana's general fund. Sixteen years after the legislature created the bed tax, its success is evident. Today, tourism is one of Montana's largest and fastest-growing industries in the state.

In 1988, the year the bed tax was first collected, \$5 million was generated. In 2004, that figure will be over \$12.3 million, representing an increase of more than 100%.

Bed tax collections are Montana's source of funding for all of its tourism marketing efforts; however, the bed tax supports much more than marketing alone. In fact, about 20% of the bed tax currently supports tourism-related infrastructure around the state. This includes items such as historic preservation funds for Virginia City/Nevada City, maintenance of state parks, funding for the Lewis and Clark bicentennial program and historic signage.

HOW TRAVEL AND FILM PROMOTION FUNDS ARE SPENT



ACCOMMODATIONS TAX REVENUE FY 2004

Projected Lodging Tax Revenue	\$12,321,012
Heritage Preservation Commission (Virginia City)	(\$400,000)
Department of Revenue (Collection costs & reimbursement to general fund of tax paid by state employees)	(\$283,383)
Available for Distribution	\$11,637,629

USE OF FUNDS

(Determined by Montana Legislature)

State Parks - 6.5% (Operations & Maintenance)	\$756,446
University System - 2.5% (Tourism & Recreation Research)	\$290,941
Historical Society - 1% (Historical Sites & Signage)	\$116,376
Regions/CVBs Marketing - 22.5%	\$2,618,467
Department of Commerce Programs - 67.5% (Travel Montana/Film Office)	\$7,855,400

TRAVEL MONTANA/FILM OFFICE PROJECTED FY 2004 BUDGET

Funds from Accommodations Tax	\$7,855,400
Income from ad sales, co-ops, etc.	\$395,950
Community & Infrastructure Grants	(\$380,000)
L&C Bicentennial Commission	(\$200,000)
Historical Society (L&C Bicentennial)	(\$100,000)
Historical Society (Scriver Collection)	(\$120,151)
Historical Society (Historical Interpretation)	(\$196,857)
Montana Trade Program	(\$200,000)
Total Funds Available	\$7,054,342

THE NETWORK

TOURISM ORGANIZATIONS

The Tourism Advisory Council (TAC), composed of no less than 12 Montanans from the travel industry's private sector, has a number of important duties. First, the Council advises the governor on matters related to travel and tourism in Montana. Second, it makes recommendations to the Montana Promotion Division. Third, it oversees distribution of funds and sets regulations for all of Montana's nonprofit tourism regions and Convention and Visitors Bureaus (CVBs). Fourth, it determines allowable administrative expenses from bed tax funds for the tourism regions and CVBs. And finally, the TAC oversees the university system's travel research, approving all projects before they begin.

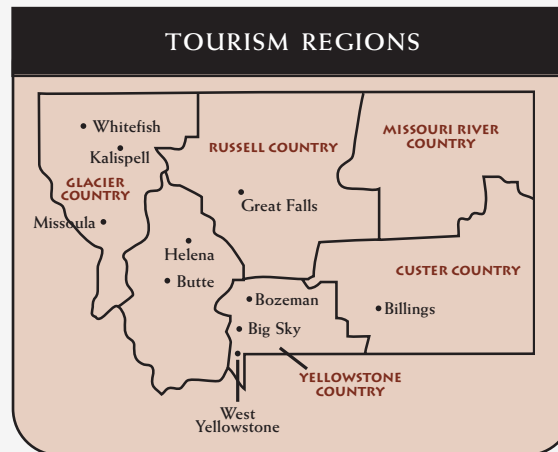
Montana's six tourism regions are private, nonprofit organizations dedicated to marketing themselves to visitors. Each year, they submit marketing plans to the TAC for approval. Find out more about any of the tourism regions on the web:

Custer Country • custer.visitmt.com
 Glacier Country • glacier.visitmt.com
 Gold West Country • goldwest.visitmt.com
 Missouri River Country • missouririver.visitmt.com
 Russell Country • russell.visitmt.com
 Yellowstone Country • yellowstone.visitmt.com

Like Montana's tourism regions, the ten CVBs market themselves to visitors and must also submit annual marketing plans.

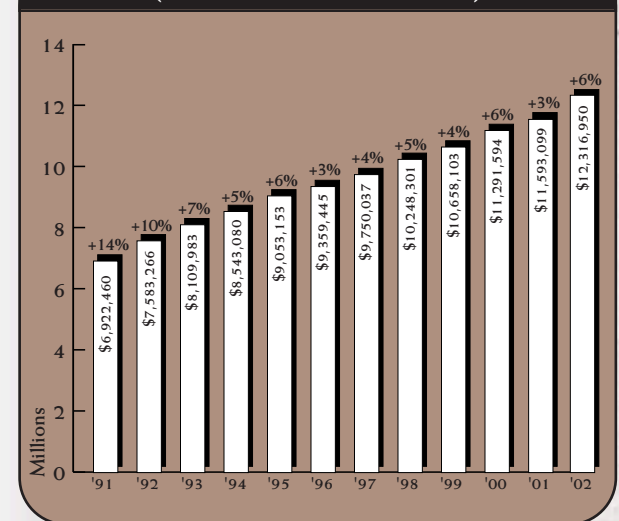
Big Sky • bigskychamber.com
 Billings • billingscvb.visitmt.com
 Bozeman • bozemancvb.visitmt.com
 Butte • butteinfo.org
 Flathead Valley • fcvb.org
 Great Falls • greatfallscvb.visitmt.com
 Helena • helenacvb.visitmt.com
 Missoula • missoulacvb.org
 West Yellowstone • westyellowstonecvb.visitmt.com
 Whitefish • whitefishchamber.org

To find out more about Montana's tourism organizations, including contact information, go to our intranet site at travelmontana.state.mt.us.



THE STATE'S TOURISM INDUSTRY IS
 FUELED BY MUCH MORE THAN
 TRAVEL MONTANA'S PROGRAMS.
 ALL ACROSS THE STATE, PARTNERS
 CONTINUALLY WORK TOGETHER
 FOR SUCCESS, INCLUDING THE
 TOURISM ADVISORY COUNCIL,
 SIX TOURISM REGIONS AND TEN
 FUNDED CONVENTION & VISITORS
 BUREAUS (CVBs)—AS WELL AS
 LITERALLY HUNDREDS OF TOURISM
 PROFESSIONALS IN THE PUBLIC AND
 PRIVATE SECTORS.

BED TAX COLLECTIONS
 (CALENDAR YEARS 1991-2002)



SO HAS MONTANA'S INVESTMENT IN TOURISM PROMOTION MADE A DIFFERENCE? IF NUMBERS ARE ANY INDICATION, THE TOURISM INDUSTRY HAS A HUGE SUCCESS STORY TO TELL. SINCE 1993, MONTANA'S NONRESIDENT VISITATION HAS INCREASED A HEALTHY 16.6%; LAST YEAR IT ATTRACTED \$1.8 BILLION FROM OUTSIDE OUR STATE.

THE MEASUREMENT

RESEARCH RESULTS

To track the growth of Montana's tourism industry and to help the state make informed marketing decisions, research is an invaluable tool. And each year, research continues to illustrate the value of tourism to the state's economy.

An economic review of the state travel industry, conducted by the Institute for Tourism and Recreation Research (ITRR) at the University of Montana, illustrated the impact of tourism on the state's economy in a number of statistical categories. In the year 2002, the study found the \$1.8 billion spent by nonresident visitors supported 32,500 jobs and resulted in more than \$568 million in personal income (direct and indirect impacts).

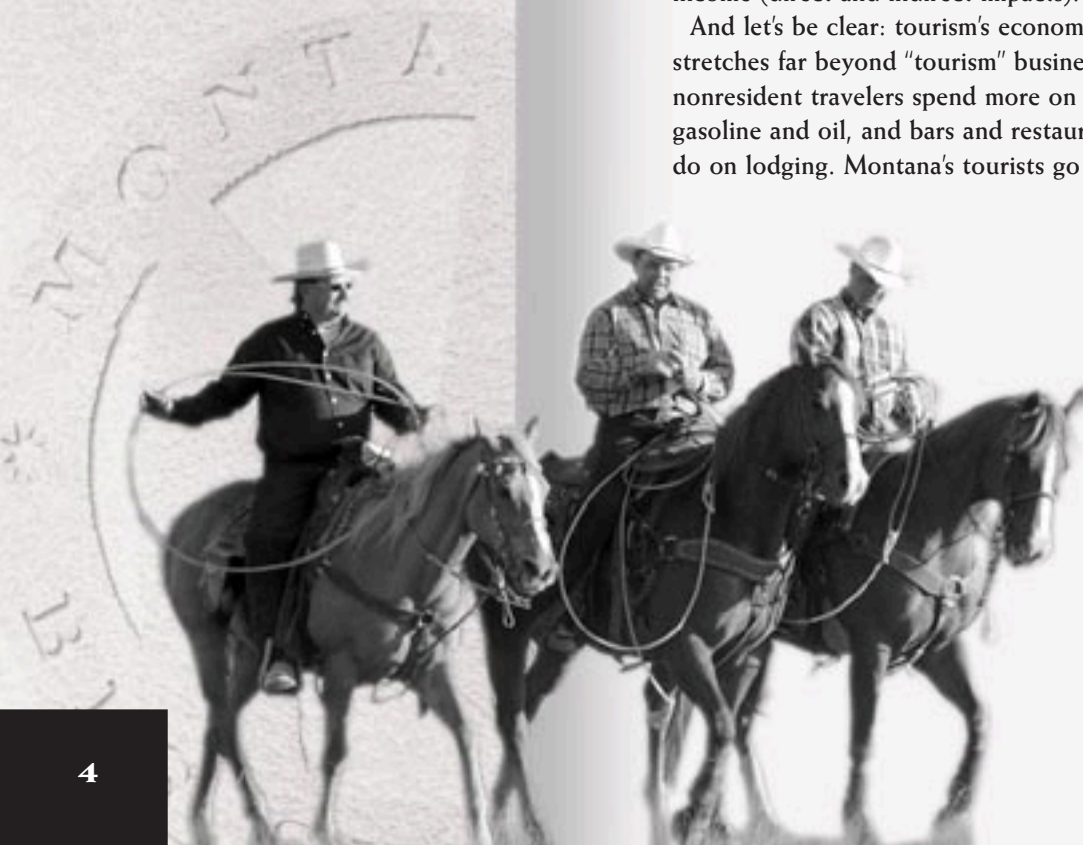
And let's be clear: tourism's economic impact stretches far beyond "tourism" businesses. In fact, nonresident travelers spend more on retail sales, gasoline and oil, and bars and restaurants than they do on lodging. Montana's tourists go a long way

toward keeping malls, grocery stores, service stations, restaurants, lounges and entertainment facilities profitable. So tourism not only brings in new money from outside the state, it also circulates that money throughout Montana's economy.

It's also interesting to note why people come to Montana. Of the 9.77 million out-of-state travelers who visited in 2002, 9% were here primarily for business reasons, 43% came for vacation, 15% visited family and friends, 26% were traveling through Montana en route to another destination, 2% came for shopping and 5% for other.

What do people do when they're visiting Montana? The six top activities were shopping, wildlife watching, day hiking, camping, visiting historical sites and picnicking. The top destinations include Glacier and Yellowstone National Parks, Flathead Lake, Little Bighorn Battlefield, Lewis & Clark Interpretive Center and the National Bison Range.

It's our goal to attract high-quality visitors who spend more time—and money—on their vacation experience while they're here. That's not only good for the state's tourism industry, it's good for the state in general.



THE INSTITUTE FOR TOURISM
AND RECREATION RESEARCH
(ITRR) RECEIVES BED TAX
FUNDING TO CONDUCT
TOURISM RESEARCH FOR THE
STATE OF MONTANA. IN PART,
THIS RESEARCH HELPS THE
MONTANA TOURISM INDUSTRY
MAKE BETTER INFORMED
MARKETING DECISIONS.

Each year, Montana's tourism and recreation industry relies on timely, accurate research information to help plan its marketing programs. To provide some of this data, the Tourism Advisory Council (TAC), along with ITRR, solicits research ideas from the industry, policy makers and land managers around the state. These ideas are prioritized and approved by the TAC. In addition, Travel Montana's programs occasionally contract outside research projects to determine specific marketing needs or results. Following is an overview of research projects for Fiscal Year 2004.

COMMUNITY TOURISM ASSESSMENT AND QUALITY OF LIFE MONITORING

This is a continuing research project to examine tourism's influence on the quality of life for residents in the state. This year, the project will examine Cascade County, Wibaux County and the Crow Reservation to measure their potential and desire for tourism development.

MONITORING TOURISM IN MONTANA

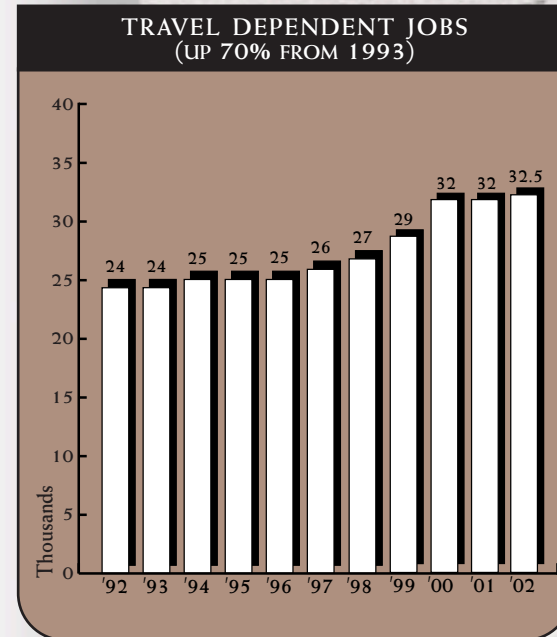
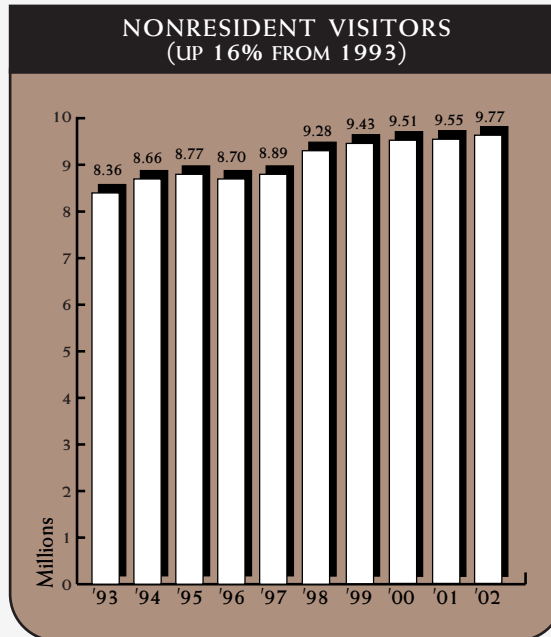
The monitoring completed each year consists of two main components: 1) A yearly phone survey (begun in 1991) about resident attitudes toward tourism. When attitudes change, the tourism industry can address the issues; 2) The quarterly newsletter, *The Montana Vision*, is mailed to the industry and policy makers around the state, identifying recent research results from ITRR or other national tourism research.

DATA MINING OF NONRESIDENT VISITOR INFORMATION

This project "mines" the 2001-2002 database and provides a deeper look into specific areas of interest related to the nonresident visitor. Results include "Niche News" publications, marketing analysis using zip codes and travel analysis.

TRAVEL OUTLOOK AND ECONOMIC IMPACTS

The purpose of this project is to estimate annual nonresident visitation and the economic impact of visitors to Montana and to project visitation for the year 2004.



LIKE TRAVEL, THE WORLD OF TRAVEL MARKETING IS A CONSTANTLY EVOLVING PROCESS. EVENTS BEYOND OUR CONTROL PLUS SHIFTING LIFESTYLE TRENDS CAUSE US TO CONTINUALLY EVALUATE OUR MARKETING GOALS, OBJECTIVES AND STRATEGIES. HOWEVER, SOME TENETS OF MARKETING REMAIN CONSISTENT; NAMELY THAT IN THE HIGHLY COMPETITIVE WORLD OF TRAVEL, NAME RECOGNITION AND CONSUMER AWARENESS, I.E. "BUILDING YOUR BRAND" IS KEY TO SELLING YOUR DESTINATION. THAT'S WHERE TRAVEL MONTANA'S CONSUMER MARKETING PROGRAM STEPS IN.

THE LURE

MARKETING THE MONTANA MYSTIQUE

Travel Montana is persistent in creating a marketing mix which strives to provide specific messages aimed at varied interests. For instance, while Montana continues to market itself to core markets such as active mature travelers and outdoor enthusiasts, the state also diversifies its audiences based on interests. For example, we have targeted the western history and culture market by promoting Montana's place in the Lewis & Clark Bicentennial.

But while the messages are tailored, the overall image is reinforced in all the messaging. We are conscientious about being consistent and carrying creative themes within seasons from campaign to campaign.

With national travel patterns shifting to more regional, drive markets, Travel Montana has initiated several in-state campaigns to spur more resident travel within Montana. Positive feedback has met the summer *In Your Own Backyard* television

campaign promoting beautiful, diverse locales throughout Montana. Because of the success with the summer campaign, a winter in-state campaign is being launched for the 2003-2004 winter. State-wide media placement in television, radio, and newspaper as well as an exciting new public-private promotional campaign innovatively tying in with several Montana business partners will strive to educate Montanans about the wonders of our state in the winter.

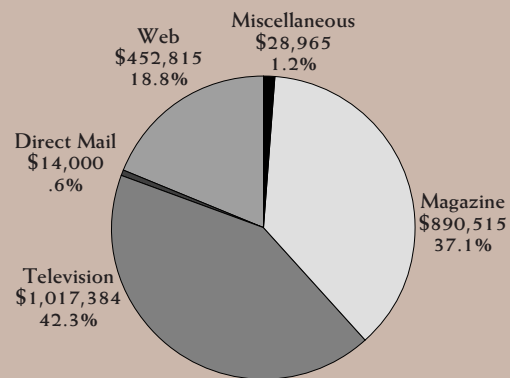
Travel Montana's 2004 warm season magazine efforts will incorporate the eye-catching creative developed in 2003. In addition, a new Lewis and Clark creative will be visually similar to the

2003 ads but will have a specific Montana Lewis and Clark message. Also, in an effort to promote cooperative ventures, the Lewis and Clark media placement will include opportunities for public and private businesses to partner in placing advertising in selected publications.

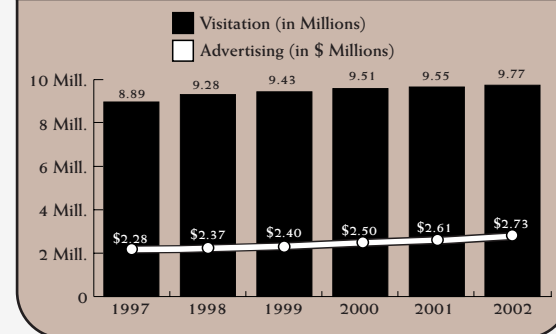
While Travel Montana is clearly striving to build more cooperative opportunities within the state in an effort to stretch marketing dollars and increase reach with meaningful partners, we are also continuing our cooperative marketing efforts with our neighboring states. These partnerships include a timely four-state Lewis and Clark marketing initiative with the states of Idaho, Oregon and Washington, a highly successful national parks-themed campaign with Wyoming and South Dakota and our perennial tri-state snowmobile cooperative with Idaho and Wyoming.

Marketing is a game that is constantly changing the rules, but Montana is up for the challenge. We have a remarkable product with remarkable people. We recognize it is a matter of reaching the right people with the right message and we continually strive to achieve that goal in our consumer marketing.

MEDIA DOLLARS SPENT
(FY 2003)



MARKETING BUDGET & VISITATION
(1996 TO 2002)



All the advertising in the world means nothing without followup. And some of Travel Montana's most important followup mechanisms are the publications it produces. These publications are the materials people receive when they request information from the state; as such, they must contain accurate facts and they must be easy to use, of course. But more than that, the publications must act as "sales tools" for the state, helping to convince people that Montana should be their next vacation destination.

In a state as diverse as Montana, the list of publications should be diverse, as well. Currently, Travel Montana produces a *Winter Guide*, a *Vacation Guide*, a *Travel Planner* and calendars of events each year. In addition, the publications program oversees production of numerous specialty guides directed at specific interest areas, including a guide explaining Montana's Indian reservations, a guide tracing Lewis and Clark's journey through the state and a poster/brochure designed especially for kids.

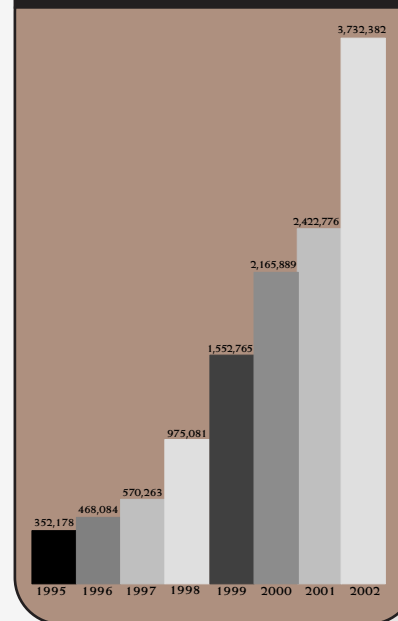
Travel Montana's publications department works closely with other state and federal agencies (such as

Montana Fish, Wildlife & Parks, the Bureau of Land Management and the U.S.D.A. Forest Service) to create and update content for all of its guides and materials. Chambers of commerce, regional tourism organizations and Convention & Visitors Bureaus also provide valuable input and assistance in the publications process.

Currently, Montana produces and distributes more than 1.5 million pieces of travel literature each year. Approximately 2,400 businesses receive free listings in the publications, and more than 425 businesses take advantage of advertising opportunities. These publications are distributed in direct response to advertising inquiries, as well as to leads generated by trade/travel shows and international offices. Guides are also distributed at key points throughout the state, including Visitor Information Centers, chambers of commerce, airports and so on.

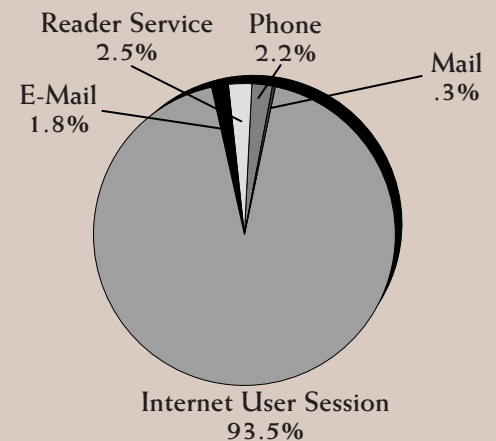
The publications program is dedicated to providing affordable advertising vehicles for Montana's travel and tourism businesses. To do this, the guides are always adapting and changing to fit the needs of users. By combining the pages of our guides with the pages of our web site, visitmt.com, visitors can see all the great state of Montana has to offer.

**TOTAL INQUIRIES
(1995 TO 2002)**



ADVERTISING IS THE INITIAL LURE;
IT ENTICES POTENTIAL VISITORS,
CONVINCING THEM TO CALL,
WRITE OR GO ONLINE TO FIND
OUT MORE ABOUT MONTANA.
IT'S UP TO TRAVEL MONTANA'S
PUBLICATIONS AND FULFILLMENT
MATERIALS TO HELP TURN THAT
INTEREST INTO AN ACTUAL VISIT.

**FY 2002 INQUIRIES BY METHOD
(ROUNDED TO .1 PERCENT)**



ONLINE GROWTH CONTINUES

AT A PHENOMENAL RATE.

IN THE YEAR 2003, WE EXPECT

MORE THAN 5 MILLION VISITORS

TO OUR PRIMARY WEB SITES.

VISITMT.COM IS AVERAGING MORE

THAN 7,000 USER SESSIONS A DAY,

A 17% INCREASE OVER LAST YEAR.

THE TECHNOLOGY

I N S T A N T I N F O R M A T I O N F O R V I S I T O R S

Montana remains a leading state in web technology. This includes designing and maintaining a dynamic web presence that includes up-to-date information on nearly 10,000 tourism-related properties and events and 28 dynamic web sites. Of these sites, Travel Montana has developed 14. We host another 14 sites for Montana regions, CVBs and chambers.

In 2003, we completed our second year of testing

our satellite, countertop,

web-based computer systems located in Travel Montana-supported

Visitor Information

Centers (VICs) in eight gateway communities.

The program has been very successful and travelers entering the state from any direction have high-speed Internet access at their fingertips to help plan their Montana adventure.

Also in 2003, Travel Montana completed a conversion of its Active

Server Page/Database

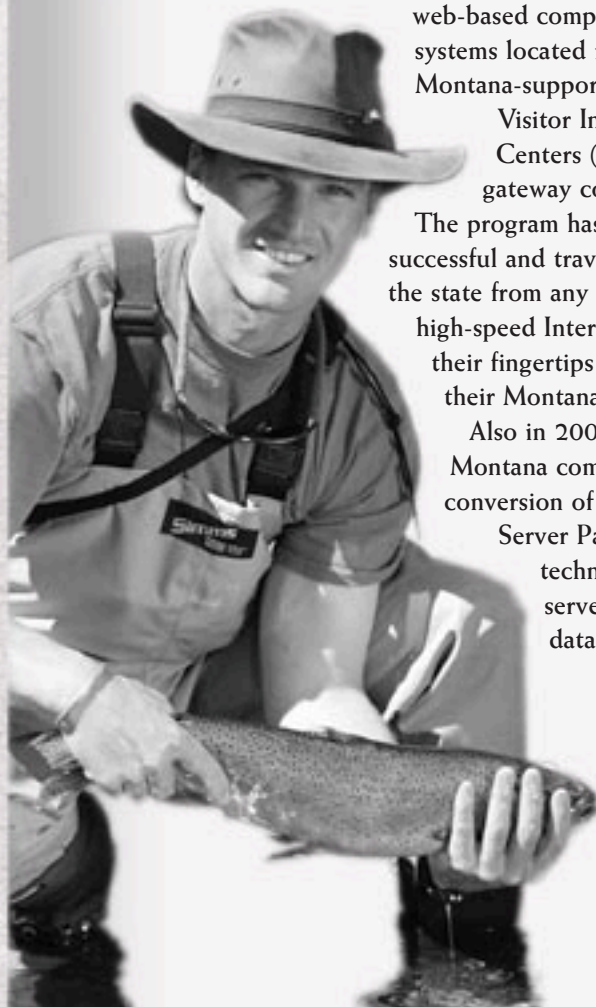
technology that serves the visitor data to Travel

Montana and our marketing partners' web sites. The revised ASP pages utilize our new Oracle database, providing our web sites with enhanced speed and volume while serving our ever-growing number of users.

In early 2003, Travel Montana, with assistance from the Lewis & Clark Bicentennial Commission, updated the Lewis and Clark travel information site with an enhanced navigational design that includes an interactive Lewis and Clark Trail map. The new trail map functions as an attraction guide and allows users to search for services and amenities along the Lewis and Clark Trail.

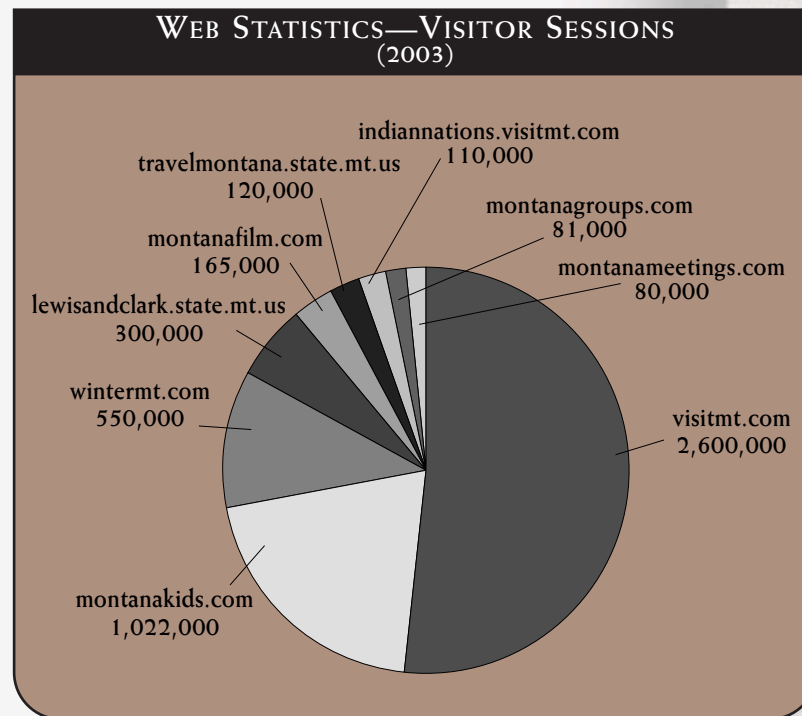
Travel Montana's web team also redesigned the Montana Film Office site from the ground up, providing users with an easier-to-use interface and a searchable locations database. The new "Locations Search" feature allows users to conduct searches for potential shooting locations by accessing the Montana Film Office's online location photo archives using location names, geographic features and other descriptive keywords.

Not willing to rest on our laurels, we are looking for bigger and better things in the coming year, including a complete overhaul of our call center system to better serve our customers as well as our tourism partners.



Over the past several years, Travel Montana and its vendors have built one of the most advanced inquiry and fulfillment systems in the tourism industry. Basic fulfillment methods, in use by most travel entities, simply capture the names and addresses of people who call, then send a packet of information. Montana's call center, on the other hand, is able to take the process considerably further. When a potential visitor dials the 1-800-VISIT-MT phone number, he or she is connected with a travel counselor in the call center. The travel counselor automatically creates a new database record for the call as it comes in, notes the source of the call (print ad, TV ad, article, etc.) for tracking purposes and asks the caller about interest areas. As the caller notes particular interests (golfing, skiing, mountain biking) or requests information on a specific area (Glacier National Park, Billings, Fort Peck Lake), the travel counselor is able to pull information from the database instantly and share it with the caller. This can include everything from general descriptions to detailed driving directions. After capturing pertinent information about the caller, the travel counselor is able to print out a customized letter to the prospect and assemble a packet of information to be sent. Additionally, the call becomes part of the inquiry database, complete with key geographic, demographic and interest

information. That information can then be used for additional database marketing efforts in the future. In the past year alone, the call center added more than 257,000 names to its inquiry database.



CERTAINLY, THE INTERNET IS AN
IMPORTANT COMPONENT OF
MONTANA'S MARKETING EFFORTS.
BUT THE INTERNET IS JUST ONE
TOOL; THE MORE TRADITIONAL
TOOLS SUCH AS TELEPHONE AND
MAIL AND VISITOR INFORMATION
CENTERS CONTINUE TO BRING IN
HUNDREDS OF THOUSANDS OF
INQUIRIES EACH YEAR AND
REMAIN VITAL TO SUCCESS.

NONRESIDENT VISITORS TO MONTANA AREN'T JUST FAMILIES VACATIONING FROM NEIGHBORING STATES. THEY CAN ALSO BE FAMILIES AND GROUPS FROM ACROSS THE WORLD. THANKS TO THE POPULARITY OF THE "OLD WEST" ABROAD, MONTANA IS CONSISTENTLY PULLING VISITORS FROM KEY INTERNATIONAL MARKETS SUCH AS EUROPE AND ASIA. THE "GLOBAL MARKET" YOU KEEP HEARING ABOUT IN NEWS REPORTS ISN'T JUST DEVELOPING; FOR MONTANA TOURISM, IT'S ALREADY HERE.

THE NICHES

INTERNATIONAL

The overseas marketing department at Travel Montana makes sure Montana is at center stage on the global stage. Aggressive marketing targets the international travel trade, emphasizing the United Kingdom, Germany, France, Belgium, the Netherlands, Italy, Japan and Taiwan. Travel Montana works with key tour operators, wholesalers, travel agencies and media to establish new travel itineraries for groups and FITs (Foreign Independent Travelers), while at the same time helping Montana businesses market themselves overseas.

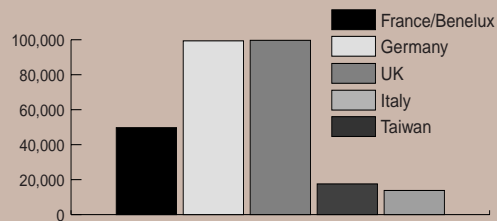
In Western European markets, Travel Montana works closely with Rocky Mountain International (RMI) to reach its key markets, which include the United Kingdom, Germany, France, Italy, Belgium and the Netherlands. In the Pacific Rim, state of Montana trade office representatives in Kumamoto, Japan and Taipei, Taiwan market Montana's travel-related products and services to their respective countries.

Overseas marketing efforts are showing success on a number of fronts. Travel Montana regularly organizes and hosts familiarization (FAM) tours for international media and trade, with participants from the UK, Germany, the Netherlands, Belgium, France, Taiwan, Japan and Italy. Montana also attends key trade shows to promote the state to overseas tour operators. Currently, trade shows include BIT in Milan, Italy; ITB in Berlin, Germany; World Travel Market in London; the TIA Pow Wow in Los Angeles; Go West Summit in Reno, Nevada; and the Visit USA Showcase in Italy. These trade

shows result in numerous leads for Montana, which are passed on to over 220 Montana suppliers, CVBs and travel regions. Another successful event that brings together regional suppliers with European buyers is the Round-Up, which was held in April 2003, in Rapid City, South Dakota. The 2004 Round-Up will take place on May 14-17 in Cody, Wyoming and Yellowstone National Park.

Goals for the coming year include additional international FAM tours, which result in favorable media coverage and increased brochure exposure in overseas markets. The program is also increasing awareness of its international efforts among Montana tourism-related businesses; this year, the office presented a seminar at the Governor's Conference on Tourism and Recreation and is planning an additional seminar at the next conference.

INTERNATIONAL OVERNIGHTS
(2001-2002)



GROUPS AND MEETINGS

Montana's group travel program does exactly what the name implies: markets the state's attractions as destinations for group tour operators throughout the United States and Canada. The program suggests activities ranging from sightseeing to river rafting to skiing, and generates travel ideas for all seasons.

To do this, the program conducts FAM tours for group tour operators, giving them a chance to see Montana's attractions first-hand. Direct mail offers current tour planning material to a targeted list of operators, helping establish and maintain rapport. Trade events, as well as membership in key industry associations such as the National Tour Association (NTA) and the American Bus Association, help Montana stay in regular contact with group travel planners.

This year, the group tour program attended two group tour conventions to promote Montana as a destination; at the NTA convention, representatives organized and presented a "Montana Night" dinner

attended by 60 tour operators. Tour operators can access the *Group Tour Planning Guide* online at montanagroups.com for more information on products and activities.

Montana's meeting and convention program works closely with the state's CVBs and convention properties to market the state as a destination for meetings and groups of any size.

The program's Internet advertising campaign uses search engines and targeted e-mails to promote the state's meeting/convention facilities and capabilities. The web site, montanameetings.com, offers information from Montana's printed *Meeting Planner's Guide*. Plus, trade shows such as Affordable Meetings and the Incentive Travel & Meeting Executives bring Montana face-to-face with planners.

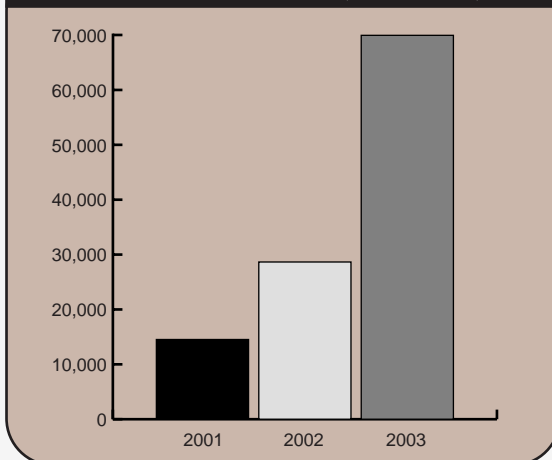
In the coming year, Montana will continue to position itself to meeting and convention planners, share leads and prospects with CVBs and properties, attend trade shows and conduct group FAM tours.

MONTANA CERTAINLY APPEALS TO FAMILIES IN SEARCH OF VACATION ADVENTURE. BUT WHAT ABOUT GROUPS THAT AREN'T FAMILIES—

CONVENTIONS OF 500, FOR INSTANCE? MONTANA IS THE PERFECT DESTINATION FOR THEM, TOO. THE STATE SUCCESSFULLY MARKETS ITSELF TO GROUP TOUR OPERATORS, AS WELL AS MEETING AND CONVENTION PLANNERS.

WITH AN ABUNDANCE OF FACILITIES, ATTRACTIONS AND NATURAL BEAUTY, MONTANA IS HOSTING GROUPS OF EVERY SIZE FROM EVERYWHERE.

MONTANAMEETINGS.COM
VISITOR SESSIONS (2001-2003)



TOURISM HAS ESTABLISHED ITSELF
AS AN ACTIVE PLAYER IN MONTANA'S
ECONOMY. FOR THE INDUSTRY TO
CONTINUE PROVIDING ECONOMIC
AND SOCIAL BENEFITS FOR
MONTANANS, WE NEED TO ENSURE
THAT OUR TOURISM FACILITIES,
SERVICES AND PRODUCTS
OFFER QUALITY EXPERIENCES
FOR OUR VISITORS AND ENHANCE
MONTANANS' QUALITY OF LIFE.
THAT'S THE FOCUS OF MONTANA'S
TOURISM DEVELOPMENT AND
EDUCATION PROGRAM.

THE FUTURE

TOURISM DEVELOPMENT

At its most basic, the program is about networking and cooperation. First and foremost, it's dedicated to helping the state's tourism and recreation partners—private sector businesses, communities, organizations, federal and state agencies, tribal governments and alliances—access and share resources needed to maintain a sustainable tourism economy for the benefit of Montana residents and visitors. The program's efforts include community-based tourism development; statewide tourism infrastructure improvements; visitor information center service support; tourism development assistance for Montana's Indian people; support of grassroots efforts to develop and expand Montana's cultural and heritage tourism products, events and services; customer service training; strategic planning; state and federal agency tourism and recreation program coordination; and tourism education.

In 2003, the program is assisting the Montana Department of Transportation and the Tourism Advisory Council in the development of draft rules for a Montana Scenic-Heritage Byways Program. Once the rules are developed and implemented, the program will allow Montana to highlight its unique travel corridors and better "package" Montana for visitors. It will also allow these areas to pursue federal funds available for nationally recognized scenic byways.

Other active projects include:

- Helping the state's tourism regions achieve the goals and objectives of Montana's Tourism and Recreation Strategic Plan 2003-2007, as well as monitoring statewide progress of stakeholders implementing the plan.
- Training and information services for the eight state-supported gateway Visitor Information Centers.
- Ongoing support for Montana communities, organizations and agencies working on cultural, heritage and nature tourism corridors.
- Tourism development on and around Montana's seven Indian Reservations.
- Bringing together the state's tourism partners for education and networking at the annual Governor's Conference on Tourism and Recreation.



The Community Tourism Assessment Program is a nine-month "self help" process offered to three communities each year. It assists each community in analyzing local resident attitudes about (and interest in) tourism, measuring tourism potential and identifying gaps in visitor services and it suggests projects or actions that can strengthen the role of tourism in the local economy. Since its creation in 1991, CTAP has assisted 33 Montana communities and invested over \$400,000 in tourism "bed tax" funds into local tourism projects.

The Tourism Infrastructure Investment Program offers "bed tax" investments in community or nonprofit organizations' efforts to develop or renovate Montana's tourism attractions. From 1995-2003, TIIP grants leveraged over \$1.8 million in tourism "bed tax" funds to make \$23 million in tourism-related facility projects a reality in 28 Montana communities.

The Special Events Grant Program is our newest development tool. In its first two years (2002-2003), SEGP provided \$151,000 to help promote and operate new annual events in 19 Montana communities. The program will offer similar assistance to new annual events in 2004.

Montana Superhost offers affordable customer service training to front-line employees and managers in businesses and organizations across Montana. In 2004, 150 Superhost sessions expect to provide tourism education and customer service training to over 3,000 Montanans.

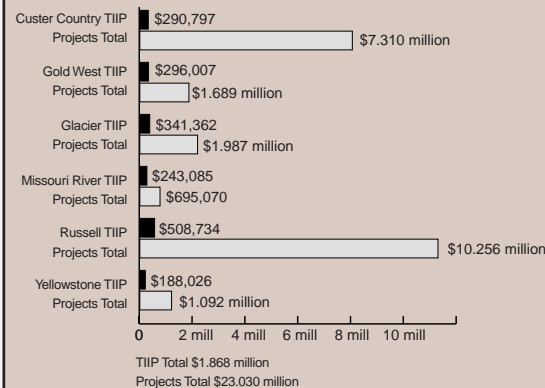
Montana Superhost is provided through a training contract with Flathead Valley Community College

in Kalispell. Financial support is provided by Travel Montana, Custer Country, Glacier Country, Gold West Country and Russell Country.

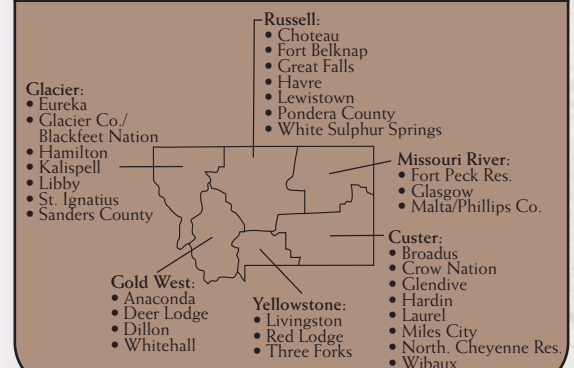
In eight "gateway" communities, a state-local partnership provided over 165,000 visitors with Montana travel information through the Montana Visitor Information Centers. Located in Broadus, Culbertson, Dillon, Hardin, Shelby, St. Regis, West Yellowstone and Wibaux, the Montana VIC staff answer visitor questions, supply Montana maps, guides and brochures and respond to visitor needs. The community partners provide the building and staffing; the Montana Promotion Division assists with staff salary, training, computer services, furniture and Montana travel publications.

AN IMPORTANT ASPECT OF THE
TOURISM DEVELOPMENT AND
EDUCATION PROGRAM INVOLVES
MONTANA'S COMMUNITIES. THE
PROGRAM PARTNERS WITH MONTANA'S
CITIES AND TOWNS TO HELP THEM
DEVELOP THE RESOURCES THEY NEED
TO BENEFIT FROM TOURISM. THE
COMMUNITY TOURISM ASSESSMENT
PROGRAM (CTAP), TOURISM
INFRASTRUCTURE INVESTMENT
PROGRAM (TIIP), SPECIAL EVENTS
GRANT PROGRAM (SEGP),
MONTANA VISITOR INFORMATION
CENTERS (VICs) AND MONTANA
SUPERHOST ARE THE MAIN TOOLS
USED IN THIS EFFORT.

TIIP GRANT AWARDS STATEWIDE BY REGION (1995-2003)



CTAP COMMUNITIES



THE OLD AXIOM IS TRUE: THE BEST KIND OF MARKETING IS THE FREE KIND. THANKS TO THE EFFORTS OF TRAVEL MONTANA'S PUBLICITY PROGRAM, THE STATE CURRENTLY GENERATES PUBLICITY AND COVERAGE (IN PRINT, BROADCAST AND ELECTRONIC MEDIA OUTLETS) THAT'S THE EQUIVALENT OF OVER \$9 MILLION IN ADVERTISING SPACE.

THE PRESS

S P R E A D I N G T H E W O R D

Publicity is one of the most believable and effective types of exposure a travel destination can get. Coverage in key travel and news media markets can result in stories and programs that generate interest in Montana. Travel Montana's publicity program works with various media outlets to help spread the word about the latest and greatest reasons for visiting.

Through the use of organized publicity campaigns, media press trips, publicity assistance and other services, Montana's tourism industry works with hundreds of media representatives not only from the United States but worldwide.

The publicity department is constantly searching for cooperative media promotions to "pool" the resources of the state, its travel regions and CVBs. One cooperative promotion is our press trips.

Each year, the publicity program works with all six tourism regions to help sponsor and assist with press trips. In addition, the department financially and logistically supports key travel writers and broadcast producers with assigned stories about Montana. This type of assistance helps to ensure that travel-related stories and programs about the state are produced. The

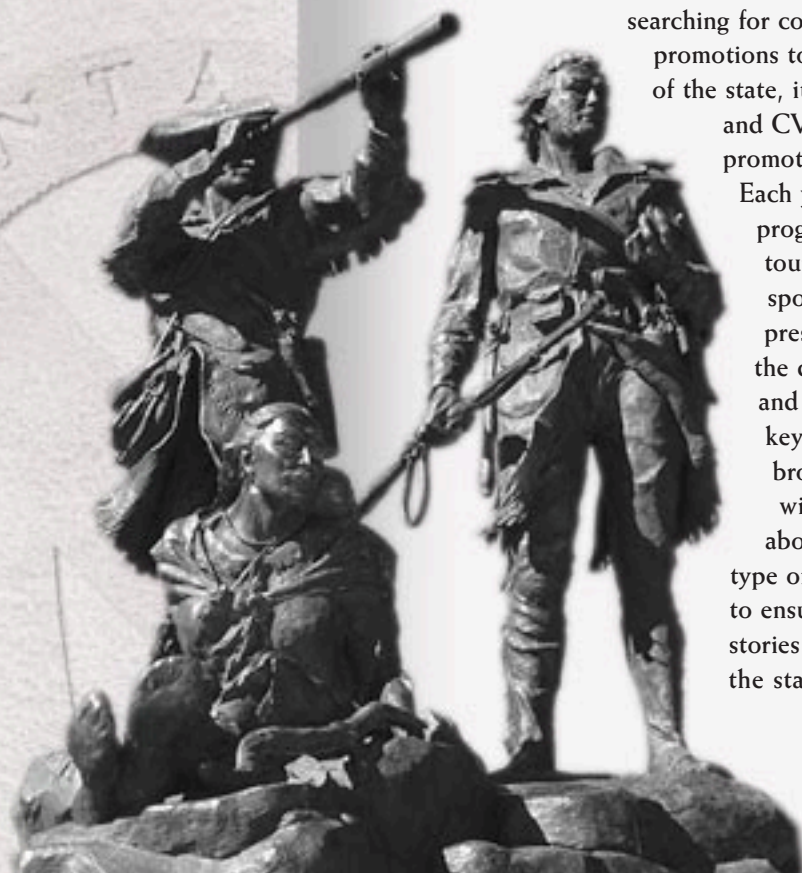
department also offers free video footage to broadcast producers for use in programs that promote Montana. The footage highlights our state's scenery, outdoor activities and cultural sites.

On the print side, the publicity program produces two publications: *Untold Story Leads*, a quarterly newsletter sent to more than 850 travel writers, editors and producers that highlights a tourism-related attraction/event in each of the six tourism regions, and *Travel Montana Update*, a monthly newsletter featuring information about the state's tourism industry. This piece is distributed to Montana tourism suppliers, legislators and out-of-state entities.

The publicity program's staff photographer is developing a thorough stock photo library that can be accessed by the media, regions, CVBs, chambers and state government—all for the primary purpose of promoting tourism. In addition, the photographer works with individual travel writers and editors to produce images for their stories.

During 2003, the publicity office created an online Lewis and Clark media press kit as well as a CD-ROM statewide press kit and photo CD for media purposes.

Goals for 2004 include enhancing the media database to allow for more cost-effective mailings to a wide range of niche publications, as well as increasing the online selection of Montana travel-related images available to the media. The publicity office is also working with a public relations firm to develop effective strategies for getting the word out on Montana's snow season offerings.

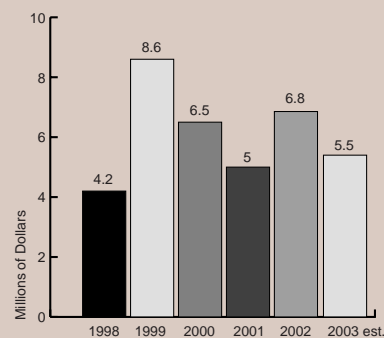


THE MOVIES

THE BIG SKY ON THE BIG SCREEN

The Montana Film Office works tirelessly to ensure professionals in the film production industry know what Montana has to offer: talented production crews and services, as well as unmatched locations. To do this, the film office takes advantage of a number of tools. First, targeted advertising campaigns appear in trade magazines such as *American Cinematographer*, *Filmmaker*, *SHOOT*, *Creativity*, *AFCI Locations*, *DGA Magazine* and *Production Update*. To complement these ads, calendars featuring Montana locations are sent to selected producers, directors, studio executives and location managers. Regular attendance and sponsorship at trade shows and film festivals (such as the Sundance Film Festival, AFI FEST, Boards Summit, IFP Director's Series and the AFCI Locations Trade Show) makes sure Montana is visible within the production community and keeps film office personnel up-to-date on the film and television industries.

ESTIMATED DIRECT ECONOMIC IMPACT OF FILM INDUSTRY IN MONTANA



Reflects only expenditures directly related to production costs; excludes personal expenditures by actors and crew members

The film office also produces materials that help film professionals access the resources available to them in the state. The *Montana Production Guide*, listing over 250 Montana crew members and more than 600 Montana businesses, is distributed to key decision makers in the industry.

The film office photo files include more than 150,000 images from all areas of the state. These photos are used to respond to production companies inquiring about specific Montana locations. The film office web site, www.montanafilm.com, offers full information about filming in the state, and a powerful searchable locations database was added to the site in 2003. The database currently contains more than 3,000 photos of potential Montana film locations.

The film office's goals for the coming year include a continued effort to increase independent feature production in the state. The office will continue to target commercial production by advertising and attending commercial production trade shows and summit meetings. An aggressive direct mail campaign of eye-catching four-color post cards is another tool to accomplish these goals. The post cards will also be inserted into key issues of the top trade magazines. The film office continues to expand its use of the Internet as a marketing tool, and location photos are added to the searchable database daily, with the goal of over 10,000 photos available online by 2005.



MONTANA IS A MAGICAL LOCATION FOR ALL THE PEOPLE WHO LIVE HERE.

MORE AND MORE, IT'S A MAGICAL LOCATION FOR THE MOTION PICTURE INDUSTRY, AS WELL. SINCE THE

MONTANA FILM OFFICE

OPENED IN 1974, MONTANA HAS BEEN THE LOCATION FOR 74 FEATURE FILMS.

PRODUCERS OF BIG STUDIO FEATURES LIKE *THE HORSE WHISPERER*,

AS WELL AS CUTTING EDGE INDEPENDENT FILMS LIKE 2002'S

NORTHFORK HAVE DEPENDED ON

THE FILM OFFICE. AT THE SAME TIME,

THE STATE HAS HOSTED HUNDREDS

OF TELEVISION PRODUCTIONS,

NATIONAL TV COMMERCIALS,

DOCUMENTARIES, MUSIC VIDEOS AND

STILL PHOTOGRAPHY SHOOTS.

OVER THE PAST SEVERAL YEARS, AS THE REACH AND IMPORTANCE OF THE INTERNET HAS GROWN, SO HAVE THE OFFERINGS OF MONTANA'S TOURISM INDUSTRY. COLLECTED HERE ARE SOME OF THE WEB SITES MAINTAINED BY TRAVEL MONTANA, MONTANA'S TOURISM REGIONS AND CVBs, ALONG WITH SITES OF MANY TOURISM PARTNERS. TO FIND MORE IN-DEPTH INFORMATION ON MONTANA'S TOURISM INDUSTRY, START WITH THESE SITES.

THE WEB

MONTANA'S ONLINE RESOURCES

WEB SITES MAINTAINED BY TRAVEL MONTANA

- visitmt.com - Travel Montana's main web site with visitor information and vacation planning assistance.
- lewisandclark.state.mt.us - Montana's Lewis and Clark site, devoted to the Corps of Discovery's journey across our state.
- wintermt.com - Montana's winter site, covering the pursuit of fun during our snowy season.
- montanakids.com - Specifically designed for kids, including games and other fun.
- montanameetings.com - The Montana meeting planner's site, offering information about meeting or convention services and locations.
- montanafilm.com - The official site of the Montana Film Office, with location photos and information about filming.
- travelmontana.state.mt.us - Travel Montana's intranet site, offering up-to-date information about the state's tourism industry.
- indiannations.visitmt.com - This site is devoted to Montana's Indian Nations.
- montanagroups.com - The Montana Group Tour Planning Guide, offering information on group tour services.
- bizmt.com - Montana's business recruitment site.

MONTANA TRAVEL REGIONS

- custer.visitmt.com - Custer Country
- glacier.visitmt.com - Glacier Country
- goldwest.visitmt.com - Gold West Country
- missouririver.visitmt.com - Missouri River Country
- russell.visitmt.com - Russell Country
- yellowstone.visitmt.com - Yellowstone Country

MONTANA CVBs

- bigskychamber.com - Big Sky
- billingscvb.visitmt.com - Billings
- bozemancvb.visitmt.com - Bozeman
- butteinfo.org - Butte
- fcvb.org - Flathead Valley
- greatfallscvb.visitmt.com - Great Falls
- helenacvb.visitmt.com - Helena
- missoulacvb.org - Missoula
- westyellowstonecvb.visitmt.com - West Yellowstone
- whitefishchamber.org - Whitefish

OTHER USEFUL SITES

- nps.gov/glac/ - Glacier National Park
- nps.gov/yell/ - Yellowstone National Park
- lewis-clark.org - Discovering Lewis and Clark
- fwp.state.mt.us - Montana Department of Fish, Wildlife & Parks
- www.mt.blm.gov - Bureau of Land Management
- geology.cr.usgs.gov/states/MT.html - Montana geological survey
- discoveringmontana.com - Montana online
- montanalewisandclark.org/ - Montana Lewis & Clark Bicentennial Commission
- www.itrr.umt.edu/ - Institute for Tourism and Recreation Research
- www.fs.fed.us/r1 - Forest Service, Northern Region

In Spanish
**MONTANA MEANS
MOUNTAINS**

In English
**IT MEANS
SECRET**

Explore the secret Spaniards found centuries ago. Huge mountains, exceptional snow and uncrowded slopes. Even today, Montana remains an undiscovered winter gem. Yet we have plenty of fine lodging, dining and shopping to please any traveler. See for yourself. Call 1-800-VISIT-MT, ext. 415, or log on to www.skimt.com for a free winter guide.

MONTANA
www.skimt.com



Put Yourself in Montana



ROBERTS LAKE, GLACIER NATIONAL PARK
1-800-VISIT-MT (347-4888), EXT. 204 FOR A FREE TRAVEL GUIDE, WWW.SKIMT.COM

MONTANA PROMOTION DIVISION MISSION STATEMENT

Our mission is to strengthen Montana's economy through the promotion of the state as a vacation destination and film location. By maximizing the combined talents and abilities of its staff, and with guidance from the Governor's Tourism Advisory Council, Travel Montana strives to promote a quality experience to visitors while encouraging preservation of Montana's environment and quality of life.

